Executive Summary

Introduction

This report provides the results of Gartner's independent assessment of the State of Tennessee's current Enterprise Resource Planning (ERP) implementation known as the "Edison Project". This report also includes a comparison of Gartner's findings with lessons learned from similar statewide ERP implementation projects.

Background

The Edison Project implementation is replacing 30 statewide legacy technology systems and approximately 85 agency applications. A project of this size and complexity represents a tremendous amount of cultural and business process change in a short amount of time.

Edison's functionality is grouped under two major functional categories:

- Financial and Supply Chain Management (FSCM), which encompasses
  - 24 Unique Functional Modules
  - Over 5,500 functional requirements
  - Approximately 300 business processes
- Human Capital Management (HCM), which encompasses
  - 8 Unique Functional Modules
  - Over 2,500 functional requirements
  - Approximately 100 business processes

Key Findings

The issues and challenges faced by the Edison Project are similar to the experience of other statewide ERP implementations and large technology projects in general. The Edison challenges are generally not technology related, but rather rooted in organizational change management and business process adoption at the agency user level.

The issues experienced by Tennessee, while similar in nature to the experience of other states, were exacerbated by insufficient attention to agency expectations, incomplete user acceptance testing, limited business process training and unstructured stakeholder communications throughout implementation.

While the Edison project is currently mitigating many of the business process issues that have manifested during the implementation, substantial risk remains to achieving the business benefits envisioned in the original business case, unless the State agencies, in partnership with Finance and Administration (F&A), assume a level of accountability for the on-going use and continuous improvement of the state-wide system. Edison's mandate for the future is to establish accountability and communicate expectations for the realization of these benefits with clear roles and responsibilities established for statewide leadership, individual agencies and the Edison team.

Risk Assessment

Gartner completed a risk assessment of the Edison project using the Critical Program Management (CPM) framework which compares 21 specific categories with commonly accepted industry best practices for ERP implementations and operations.

To provide a solid factual basis for its findings, Gartner performed a broad review of existing documentation, conducted extensive interviews with agency stakeholders and Edison Project team members, and attended readiness workshops where project stakeholders discussed their key issues. Gartner produced findings across all 21 areas of its CPM framework, and provided recommendations for improvement where applicable.

The major findings resulting from this assessment relate to five key areas:

- Internal Controls
- Organizational Change Management
- End User Training
- Agency Readiness
- Business Value Realization

Internal Controls

Issue description: Gartner assessed the initial requirements for internal controls, the configuration during implementation and the on-going monitoring and monitoring based on industry best practices for financial system implementations.

Gartner Finding: Gartner determined that the configuration, application and on-going monitoring of internal controls is appropriate and the risk to the State of Tennessee is minimal.

Organizational Change Management

Issue Description: Large-scale technology deployments typically include significant process changes which require considerable new learning by end users. Organizations can embrace these changes and challenges if the new system benefits are well understood and the path to success is well defined. If no socialization effort is made to market these new benefits or explain the success path, there is a high-risk that users develop a stiffened resistance to the new system.

Gartner Finding: The Edison Project has lacked a well-defined and broadly socialized platform for change. Gartner found several cases where agency senior management did not explain to their user base why the new systems were needed and what organizational benefits would be delivered. In addition, Gartner's assessment determined that the appropriate climate for change had neither been well articulated and established at the outset nor continuously reinforced through the lifecycle of the implementation.

End User Training

Issue Description: End users develop comfortable patterns of interaction through long-time familiarity with their legacy systems. Even though new systems may have intuitive interfaces, improved functionality, and simpler processes, end users must be formally trained to witness the new step-by-step interactions their work tasks will require.

Gartner Finding: Step-by-step training on how to conduct regular business processes was not part of the formal training program scope. Instead, the training program primarily focused on generic system navigation and general functionality. Although Edison procedural manuals were created, their details were not adapted for the transactions specific to each individual

agency. End users deemed these manuals to be unsatisfactory since they lacked this detail. Without confidently trained end users, the new system has naturally been interpreted as different and difficult. End users have struggled to map their old behavioral patterns to the new system, and organizational efficiency has eroded.

Agency Readiness

Issue Description: Before cutting-over to a new technology system, the user community must be fully equipped with both the knowledge and desire to conduct their existing normal business processes using the new system.

Gartner Finding: The user communities lacked the requisite training, rigorous preparation, and organizational attitude to conduct their day-to-day transactions using the new system. Their new systems were not subjected to rigorous and methodical validation exercises. This lack of preparedness was not identified prior to cut-over in many cases. User requirements for Wave 1 and 2 agencies are reportedly still being defined in post-implementation workshops. New issues continue to surface long after cut-over dates.

Business Value Realization

Issue Description: Investments in new technology systems are made with supporting assumptions and calculations that estimate the future business value to exceed system cost. The actual accrual of business value should be tracked and reported through a formal program of Value Delivery Assurance. This enduring program should motivate a continual drive to fully leverage the new system capabilities and realize the planned return on investment.

Gartner Finding: A formal Business Value Delivery Assurance program has not yet been created. End users currently report a significant loss of productivity in day-to-day task execution due to poor business process implementation and inadequate training. Without a formal and effective Business Value Delivery Assurance program in place, the key motivating force to drive full Edison leverage will be missing. Without this enduring focus, it will become increasingly more difficult to measure business benefits and trace them back to the original business case.

Recommendations

Gartner makes the following recommendations for the State of Tennessee moving forward:

1. Develop an open and transparent communication process to ensure that the expectations are properly established and that all project-related information is disseminated and shared with agency personnel and management on a regular basis. Address the accountability confusions between the agencies and Edison program roles and responsibilities, while assuring clear communications. Increase agency representation at the Steering Committee level as planned. Leverage the implementation governance structure when developing post-implementation support and governance mechanisms and expect the model to evolve over time.
2. Implement FSCM for the remaining agencies as they complete their readiness preparations. Ensure that the recommended cut-over checklist is completed for each agency prior to go-live and obtain agency sign-off on all of the best practice criteria to ensure their buy-in and accountability.
3. Develop and deliver extended training on specific modules and business processes for all agencies to ensure that users are prepared to use the system on a day-to-day basis.
4. Implement the strategy for on-going post implementation governance and support. Design and implement a support organization and capability consistent with the evolving strategy.

5. Review and restate the project and business objectives to ensure consistent messaging across the State regarding the rationale for moving to the new system; reinforce key benefits and set realistic expectations with the user community and the project team members to keep sustaining change. It is highly recommended that the State of Tennessee institutionalize a formal and continuous learning program to enhance the competencies of the project team, end users, and project resources.
6. Assign accountability for the future realization of business benefits with clear roles and responsibilities established for statewide and agency leadership.

Conclusion

As the remaining FSCM agencies are converted into production, there is an opportunity to implement the Edison team's long range vision and strategy for the on-going support and enhancement of the Edison system, and engender its widespread usage and adoption. The State of Tennessee Edison Project must successfully transition its current focus on implementation to a new role that provides robust on-going support for end users and evangelizes the leveraging of new system capabilities.